



THE POWER OF INDEPENDENT ADVICE

GLOBAL MARKETS ANOTHER WEEK OF MIXED NUMBERS FROM MARKETS

After the central banks had their say, creating a risk-on environment, markets opened lower last week. Central bank optimism saw the S&P500 index reach weekly highs not seen in more than two months. It was no surprise that investors therefore decided to lock in some profits. The S&P 500 index closed off its weekly highs at 0.2% up on the week. Emerging market currencies depreciated on the whole. The Philippine Peso and the Argentine Peso depreciated 1.05% (48.35/USD) and 0.90% (closing at 15.28/USD) respectively.

In economic news released in the US, new home sales fell -7.6% m/m in August, beating expectations of -8.3% m/m. In the meanwhile, the US Market composite PMI for September ticked up to 52.0 pts from 51.5 pts in August. US consumer confidence came in at a nine year high of 104.1 pts while durable goods orders also beat expectations coming in flat for August when -1.5% m/m was expected. These positive numbers increase the probability of a Fed rate hike in December, given their current hawkish stance. The first US presidential debate took place between Hillary Clinton and Donald Trump. Most pundits agree that Hillary Clinton won, which is positive for the markets. The Mexican Peso and Canadian Dollar were also positively influenced, ending the week at 19.37/USD (an appreciation of 2.01%) and 1.31/USD (an appreciation of 0.41%) respectively.

In the east, Japanese services PPI for August slowed to 0.2% y/y from 0.3% y/y in July. This was below expectations of 0.3% y/y and more evidence that inflation remains stubbornly low in Japan.

In other news, retail sales also disappointed, coming in at -2.1% y/y for August against the -1.7% y/y the market expected. This was the sixth consecutive contraction and the longest run of poor retail trade out of Japan since the financial crisis. In China, industrial profits grew at 19.5% y/y in August, up from 11% in July. Accelerated sales, falling costs, increasing prices, a lower base effect and higher activity in the auto, steel and refined oil production were reasons were cited for the positive number.

Brent crude was volatile last week. It opened the week rallying to 48.1/bbl and then ended the week at 49.9/bbl. The initial short-lived rally came as major oil producers met in Algiers to discuss a possible production freeze. Iran then released a statement saying they would not be interested in cutting production until they regain market share, shortly after which, Brent traded lower at 45.8/bbl. Saudi Arabia responded by saying they are not interested in an agreement without Iran although they suggested they may be willing to compromise. In the event, an agreement was reached to reduce oil production to between 32.5m and 33m barrels a day but the agreement did not set out how much each oil producer has to cut production, so there might still be issues surrounding this in future.

Moody's rating agency downgraded Turkish sovereign debt to junk status (Baa3 to Ba1), citing risks related to the country's external financing needs as the reason. The Turkish lira depreciated on the back of this to end the week at 3.00/USD (depreciation of 1.03%).

DOMESTIC MARKETS

ECONOMIC NEWS DISAPPOINTS, JSE FLAT

WEEKLYWRAP 30 September 2016

Economic news released last week disappointed on the whole. PPI for August, released by Stats SA, came in at 7.2% y/y (July 7.4%), when expectations were for 7.3% y/y. The primary contributors came from food and beverage price increases (11.4%) as well as petroleum and rubber (2.4%). Thereafter, the SARB released private sector credit data for August, which expanded 6.15% y/y. This was lower than July's 6.78% and is the weakest increase since October 2011. This was followed by SARS releasing South Africa's trade balance for August, which came in at a deficit of R-8.56b when markets expected a surplus of R3b. The decline was mainly due to exports falling 5.5% while imports jumped 9.2%.

Stats SA was supposed to release non-farm payroll data for Q2 2016 but stated that quarterly employment statistics would only be released on 7 October. In the meanwhile, the Bureau of Economic Research (BER) stated that the rebound in consumer confidence was not sufficiently robust to herald the start of a new cycle upturn. They added that retail and manufacturing confidence surveys revealed poor employment prospects and, coupled with the low growth environment, job creation is expected to remain low.

The JSE All Share index was flat last week. The main contributions came from resources, which returned 2.67% while industrials and financials fell by -0.66% and -1.05% respectively. In a nostalgic day, South African Breweries (SAB), founded in 1895, disappeared from the JSE last Friday after being listed for nearly one hundred and twenty years after Inbev clinched the \$103b takeover of SAB. The deal, approved by SAB investors, contributed to the volatility of the ZAR. When this deal was taking place, Inbev was buying ZAR denominated SAB shares, keeping the ZAR strong. However, once the major forex activity surrounding the deal was completed, the local currency depreciated in line with other emerging market currencies, ending the week flat at 13.75/USD.

CONTACT ANY OF OUR FINANCIAL PLANNERS TO DISCUSS YOUR INVESTMENT STRATEGY.

All our Financial Planners are CFP® Professionals and members of the Financial Planning Institute of Southern Africa. They are highly qualified to give advice on all investment matters.

CAPE TOWN SEMINAR: 20 OCTOBER 2016

OFFSHORE ASSETS – SHOULD I DECLARE OR NOT?

TIME: 16:00 to 18:00

VENUE: THE WESTIN CAPE TOWN (Convention Square, Lower Long Street)

INFO: Daleen 011 799 8100 or pr@brenthurstwealth.co.za

PRESENTERS: Magnus Heystek (**Brenthurst Wealth**)
Charles van Staden (**Hogan Lovells**)

CLICK HERE TO REGISTER ONLINE: <http://goo.gl/R5BsQY>

PREFERENCE WILL BE GIVEN TO BRENTHURST CLIENTS



WEEK AHEAD

WEEKLYWRAP 30 September 2016

| DATE | EVENT | PERIOD | SURVEY | PRIOR |
|----------------------|--|--------|-----------|-----------|
| SOUTH AFRICA | | | | |
| 10/03/16 | Barclays Manufacturing PMI | Sep | | 46.3 |
| 10/03/16 | Naamsa Vehicle Sales YoY | Sep | | -9.50% |
| 10/05/16 | Standard Bank South Africa PMI | Sep | | 49.8 |
| 10/07/16 | Gross Reserves | Sep | | \$45.71b |
| UNITED STATES | | | | |
| 10/03/16 | ISM Manufacturing | Sep | 50.2 | 49.4 |
| 10/05/16 | ADP Employment Change | Sep | 160k | 177k |
| 10/05/16 | Trade Balance | Aug | -\$41.5b | -\$39.5b |
| 10/05/16 | ISM Non-Manf. Composite | Sep | 53 | 51.4 |
| 10/07/16 | Change in Nonfarm Payrolls | Sep | 175k | 151k |
| 10/07/16 | Unemployment Rate | Sep | 4.90% | 4.90% |
| EURO AREA | | | | |
| 10/04/16 | PPI YoY | Aug | -2.20% | -2.80% |
| 10/05/16 | Markit Eurozone Services PMI | Sep | 52.1 | 52.1 |
| 10/05/16 | Retail Sales YoY | Aug | 1.50% | 2.90% |
| 10/06/16 | ECB account of the monetary policy meeting | | | |
| CHINA | | | | |
| 10/07/16 | Foreign Reserves | Sep | \$3185.0b | \$3185.2b |
| 10/08/16 | Caixin China PMI Services | Sep | | 52.1 |
| 10/08/16 | Caixin China PMI Composite | Sep | | 51.8 |
| 10/08/16 | Foreign Direct Investment YoY CNY | Sep | 4.10% | 5.70% |
| JAPAN | | | | |
| 10/03/16 01:50 | Tankan Large Mfg Index | 3Q | 7 | 6 |
| 10/04/16 07:00 | Consumer Confidence Index | Sep | 41.8 | 42 |

COMMON ABBREVIATIONS USED FOR ECONOMIC INDICATOR TERMS

| | |
|------------|--|
| PPI | Producer price index (shows trends within the wholesale markets which feed through into inflation) |
| PMI | Purchasing managers index (indication of the economic health of the manufacturing sector) |
| GDP | Gross domestic product |
| ECB | European Central Bank |
| CI | Confidence Index |
| MoM | Month-on-month |
| YoY | Year-on-year |
| QoQ | Quarter-on-quarter |
| SA | Seasonally adjusted |
| NSA | Non-seasonally adjusted |

WEEKLY TICKER

WEEKLYWRAP 30 September 2016

CURRENCIES

| Description | Classification | Currency | Exchange Rate | Week | Month-to-Date | Year-to-Date |
|---------------|----------------|----------|---------------|--------|---------------|--------------|
| ZAR/USD | ZAR/USD | ZAR | 13.75 | -0.04% | -6.85% | 12.52% |
| ZAR/Pound | ZAR/GBP | ZAR | 17.79 | -0.22% | -8.01% | 28.21% |
| ZAR/Euro | ZAR/EUR | ZAR | 15.44 | -0.21% | -6.12% | 8.94% |
| Dollar/Euro** | USD/EUR | USD | 1.12 | 0.08% | 0.69% | 3.39% |
| Yen/Dollar | YEN/USD | YEN | 101.48 | -0.33% | -2.01% | 18.47% |

COMMODITIES

| Description | Classification | Currency | Commodity Price | Week | Month-to-Date | Year-to-Date |
|-----------------|--------------------|----------|-----------------|--------|---------------|--------------|
| Gold | Gold Spot | USD | 1314.71 | -1.62% | 0.53% | 23.90% |
| Brent Crude Oil | ICE Brent Futures | USD | 49.98 | 7.98% | 6.18% | 12.57% |
| Platinum | Platinum Spot | USD | 1019.80 | -2.53% | -2.35% | 14.39% |
| Copper | LME 3 month Copper | USD | 4865.00 | 0.21% | 5.37% | 3.40% |
| Silver | Silver Spot | USD | 19.10 | -2.62% | 2.78% | 37.92% |

GLOBAL EQUITY INDEXES (TOTAL RETURN)

| Description | Index | Currency | Index Value | Week | Month-to-Date | Year-to-Date |
|------------------|--------------------|----------|-------------|--------|---------------|--------------|
| Global | MSCI World* | USD | 1725.67 | -0.23% | 0.36% | 6.08% |
| United States | S&P 500 | USD | 4121.06 | 0.20% | 0.02% | 7.84% |
| Europe | Euro Stoxx 50 | EUR | 5874.06 | -0.94% | -0.60% | -5.66% |
| Britain | FTSE 100 | GBP | 5582.74 | -0.14% | 1.80% | 14.14% |
| Germany | DAX | EUR | 10511.02 | -1.09% | -0.77% | -2.16% |
| Japan | Nikkei 225 | JPY | 25078.37 | -1.13% | -1.91% | -12.03% |
| Emerging Markets | MSCI Emerging MKTS | USD | 903.46 | -1.53% | 1.09% | 16.33% |

SOUTH AFRICAN EQUITY INDEXES (TOTAL RETURN)

| Description | Index | Currency | Index Value | Week | Month-to-Date | Year-to-Date |
|----------------------|------------------------|----------|-------------|--------|---------------|--------------|
| All Share | JSE All Share | ZAR | 7135.68 | 0.01% | -0.94% | 4.82% |
| Top 40 | JSE Top 40 | ZAR | 6239.26 | 0.05% | -1.25% | 1.44% |
| Shareholder Weighted | JSE SWIX | ZAR | 18734.24 | -0.48% | -0.89% | 7.59% |
| Small Companies | JSE Small Cap* | ZAR | 62015.80 | -0.63% | 1.04% | 20.33% |
| Resources | JSE Resource 20 | ZAR | 1979.08 | 2.67% | 4.89% | 30.33% |
| Industrials | JSE Industrial 25 | ZAR | 12740.55 | -0.66% | -4.06% | -3.25% |
| Financials | JSE Financial 15 | ZAR | 7563.11 | -1.05% | 1.52% | 0.36% |
| SA Listed Property | JSE SA Listed Property | ZAR | 2076.97 | 1.08% | 1.09% | 8.82% |
| Preference Shares | JSE Pref Shares | ZAR | 1876.54 | 0.01% | 2.98% | 16.51% |

SOUTH AFRICAN FIXED INTEREST

| Description | Index | Currency | Index Value | Week | Month-to-Date | Year-to-Date |
|------------------------|------------------|----------|-------------|--------|---------------|--------------|
| All Bond | BESA ALBI Index | ZAR | 531.61 | -0.84% | 2.98% | 15.05% |
| Inflation Linked Bonds | BESA CILI | ZAR | 247.93 | 0.06% | 0.49% | 7.04% |
| Cash | STEFI Composite* | ZAR | 349.58 | 0.14% | 0.60% | 0.14% |

*Price Index (not Total Return)

** Negative indicates Euro weakness

This report was compiled in association with Counterpoint Asset Management. www.cpam.co.za

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